



House of Representatives

General Assembly

File No. 628

February Session, 2008

House Bill No. 5839

House of Representatives, April 15, 2008

The Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE IMPLEMENTATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP).

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-115b of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2008*):

4 (a) Effective with the fiscal year commencing July 1, [2009] 2008, the
5 Comptroller, [is authorized to] in the Comptroller's sole discretion,
6 may implement, in whole or in part, the use of generally accepted
7 accounting principles, as prescribed by the Government Accounting
8 Standards Board, with respect to the preparation and maintenance of
9 the annual financial statements of the state, and the Office of Policy
10 and Management [is authorized to] shall implement [the use of] such
11 portions of the generally accepted accounting principles [, as]
12 prescribed by the Government Accounting Standards Board [,] as are
13 authorized by the Comptroller with respect to the preparation of the
14 annual budget of the state.

15 (b) To implement such accounting principles, the Comptroller and
16 the Secretary of the Office of Policy and Management shall
17 concurrently prepare conversion plans for the respective
18 implementations pursuant to subsection (a) of this section. The
19 conversion plans shall be submitted to the joint standing committee of
20 the General Assembly having cognizance of matters relating to
21 appropriations and the budgets of state agencies not later than
22 [February 1, 2009] February 4, 2009, and thereafter on the date
23 prescribed in section 4-71 for transmission of the budget document to
24 the General Assembly.

25 [(c) The Comptroller shall establish an opening combined balance
26 sheet for all appropriated funds as of July 1, 2009, on the basis of
27 generally accepted accounting principles. The accrued and unpaid
28 expenses and liabilities and other adjustments for the purposes of
29 generally accepted accounting principles, as of June 30, 2009, shall be
30 aggregated and set up as a deferred charge on the combined balance
31 sheet and such deferred charge shall be amortized in equal increments
32 in each annual budget commencing with the fiscal year ending June 30,
33 2011, and for the succeeding fourteen fiscal years.]

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2008</i>	3-115b
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APP *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: See Below

Municipal Impact: None

Explanation

The bill allows the Comptroller, beginning FY 09, to apply in whole or in part, Governmental Accounting Standards Board (GASB) standards pertaining to GAAP in order to address the state's current GAAP deficit. The bill deletes the current law requirement that adopts GAAP principles beginning in FY 10 and amortizes the GAAP deficit over 15 years beginning in FY 11.

The cost associated with GAAP implementation would be based on the conversion plan submitted to the General Assembly and is not known at this time. It is anticipated that there would be no cost in FY 09.

The Office of the State Comptroller currently produces a Comprehensive Annual Financial Report based on GAAP. As of June 30, 2007 the GAAP deficit is \$994.3 million, down \$64.4 million from last year. Over the past three fiscal years the GAAP deficit has averaged \$1.030 billion.

OFA Bill Analysis**HB 5839*****AN ACT CONCERNING THE IMPLEMENTATION OF GENERALLY
ACCEPTED ACCOUNTING PRINCIPLES (GAAP).*****SUMMARY:**

The bill allows the Comptroller, beginning FY 09, to apply in whole or in part, Governmental Accounting Standards Board (GASB) standards pertaining to GAAP in order to address the state's current GAAP deficit. The bill deletes the current law requirement that adopts GAAP principles beginning in FY 10 and amortizes the GAAP deficit over 15 years beginning in FY 11.

EFFECTIVE DATE: July 1, 2008

BACKGROUND***Governmental Accounting Standards Board (GASB)***

GASB is an independent, private-sector, not-for-profit organization that establishes standards of financial accounting and reporting for U.S. state and local governments. Governments and the accounting industry recognize GASB as the official source of GAAP for state and local governments.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable

Yea 34 Nay 19 (03/28/2008)